

Message Text

CONFIDENTIAL

PAGE 01 TEHRAN 01248 091220Z

20

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-01 DODE-00 PA-01 USIA-06 PRS-01 PM-03

SAM-01 IO-10 FEA-01 OES-03 (ISO) W

----- 087194

R 091115Z FEB 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 155

INFO AMEMBASSY BEIRUT

AMEMBASSY ABU DHABI

47*#9)/AMEMBASSY BONN 556

AMEMBASSY CAIRO

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY KABUL

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

/USUN NEW YORK 736

C O N F I D E N T I A L TEHRAN 1248

DEPT PASS EX IM BANK

E.O. 11652: GDS

TAGS: EFIN, EAID, IR

SUBJ: IRAN CURTAILS ADDITIONAL FOREIGN AID AND LENDING

1. GOI MINISTRY OF ECONOMICS AND FINANCE UNDER SECRETARY JAMSHID

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEHRAN 01248 091220Z

ASHRAFI ON FEBRUARY 8 TOLD EMBOFF AND VISITING EXIM BANK DEPUTY

VICE PRESIDENT FOR MIDDLE EAST-NORTH AFRICA MORAN THAT IRANIAN PLANS FOR CAPITAL EXPORT RECENTLY HAD BEEN REVIEWED AND THAT THE GOI CURRENTLY PLANS TO COMMIT NO MORE THAN \$9 BILLION IN BOTH CONCESSIONAL AND OTHER LENDING ABROAD DURING THE FIFTH DEVELOPMENT PLAN (MARCH 21, 1973-MARCH 20, 1978). BY THE TIME THE SIXTH DEVELOPMENT PLAN BEGINS, IRAN PROBABLY WILL AGAIN BE A NET CAPITAL IMPORTER. ASHRAFI STRESSED THAT INCREASINGLY THE CRITERIA FOR COMMITMENT OF IRANIAN FUNDS ABROAD WOULD BE "WHAT'S IN IT FOR IRAN?" HE ACKNOWLEDGED THAT ORIGINALLY GOI HAD BEEN THINKING IN TERMS OF LENDING OR INVESTING ABOUT \$15 BILLION OVERSEAS, BUT REASSESSMENT OF COUNTRY'S FINANCIAL SITUATION HAD RESULTED IN SCALING AMOUNT DOWN TO \$9 BILLION.

2. MORAN STATED THAT PURPOSE OF HIS CALL WAS TO FOLLOW UP ON EXIM BANK PRESIDENT CASEY'S NOVEMBER CALL ON MINISTER HUSHANG ANSARY (TEHRAN 9407) REGARDING POSSIBLE EXIM JOINT FINANCING WITH IRAN OF PROJECTS IN OTHER COUNTRIES. HE MENTIONED PROPOSED PROJECT IN BRAZIL FOR SILICON STEEL PLANT. WHILE ASHRAFI DID NOT REJECT PROJECT OUTRIGHT, HE SAID HE THOUGHT CHANCES OF JOINT FINANCING ARRANGEMENTS BEING WORKED OUT AT THIS POINT ARE SLIGHT. HOWEVER, ALTHOUGH IRAN ALREADY MORE OR LESS HAD COMMITTED ALL OF \$9 BILLION, THERE PROBABLY WILL BE SOME FLEXIBILITY IN DISBURSEMENTS BECAUSE OF LOW ABSORPTIVE CAPACITY IN SOME COUNTRIES WHERE SPECIFIC PROJECTS REMAIN TO BE NEGOTIATED. THE MINISTRY HAD NO OBJECTION TO EXIM'S SUBMITTING THIS AND OTHER JOINT FINANCING PROPOSALS. ASHRAFI DECLINED TO SPECIFY WHAT TYPE PROJECTS OR AREAS WOULD BE MOST ATTRACTIVE TO THE GOI OTHER THAN THE GENERAL CRITERIA THAT IRAN'S OWN ECONOMIC NEEDS WOULD BE THE MOST IMPORTANT FACTOR TO BE CONSIDERED.

3. IN RESPONSE TO EMBOFF'S QUESTION REGARDING RECENT PRESS REPORTS OF \$1.6 BILLION IN NEW IRANIAN AID THROUGH THE UNITED NATIONS TO BENEFIT THE COUNTRIES MOST SERIOUSLY AFFECTED BY HIGHER WORLD IMPORT PRICES, ASHRAFI SAID NO NEW GOI ASSISTANCE HAS BEEN COMMITTED. AN ANNOUNCEMENT AT THE UN WAS INCORRECTLY INTERPRETED BY THE PRESS. THE \$1.6 BILLION REFERRED SIMPLY TO IRANIAN AID ALREADY COMMITTED WHICH FALLS UNDER THE UN'S DEFINITION OF CONCESSIONAL AID TO THE MOST SERIOUSLY AFFECTED NATIONS.

4. COMMENT: THE GOI DECISION REPORTED BY ASHRAFI TO HOLD CAPITAL CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TEHRAN 01248 091220Z

EXPORT AT THE \$9 BILLION LEVEL FALLS IN LINE WITH RECENT ANNOUNCEMENTS OF THE REDUCTION IN JANUARY OIL EXPORTS AND OTHER INDICATIONS THAT IRAN WILL HAVE A SMALLER FOREIGN EXCHANGE SURPLUS THAN ORIGINALLY HAD BEEN PREDICTED (TEHRAN 755, 765). IT IS NOT AT ALL CLEAR HOW THE \$9 BILLION WILL BE DIVIDED. BY THE BROADEST DEFINITION OF FOREIGN LENDING COMMITMENTS ALREADY MADE, THE TOTAL AMOUNT ALREADY EXCEEDS \$9 BILLION. LESS THAN \$3 BILLION OF THIS TOTAL IS EXPECTED TO BE UTILIZED DURING IRANIAN YEAR ENDING MARCH

20. ASSUMING THE GOI STICKS TO A \$9 BILLION CAPITAL EXPORT CEILING, COUNTRIES TARDY IN MAKING PROJECT AID PROPOSALS COULD FIND THEMSELVES LEFT OUT IN THE COLD. ON THE OTHER HAND, POLITICAL AS WELL AS ECONOMIC REASONS FOR FOREIGN LENDING CLEARLY ARE TAKEN INTO CONSIDERATION (FOR EXAMPLE EGYPT, AFGHANISTAN, PAKISTAN). EMBASSY EXPECTS MORE CAREFUL SCRUTINY OF FOREIGN LENDING PROPOSALS, BUT SOME NEW COMMITMENTS PROBABLY WILL BE MADE. UNCOORDINATED AD HOC DIRECTION OF FOREIGN LENDING PROGRAM PROBABLY WILL CONTINUE.
MIKLOS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, ECONOMIC PROGRAMS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEHRAN01248
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750047-0498
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750259/aaaacawu.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 21 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2003 by KelleyW0>; APPROVED <22 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IRAN CURTAILS ADDITIONAL FOREIGN AID AND LENDING
TAGS: EFIN, EAID, IR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006